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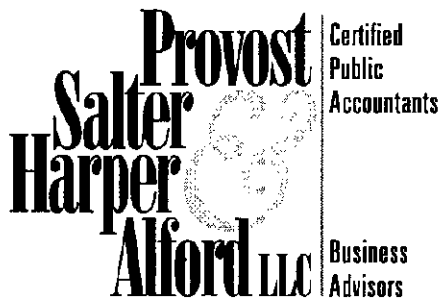
**EAST BATON ROUGE PARISH  
ASSESSOR'S OFFICE  
BATON ROUGE, LOUISIANA**

**FINANCIAL REPORT**

**December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/18/07



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# EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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December 31, 2006

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Certified  
Public  
Accountants

Business  
Advisors

## INDEPENDENT AUDITOR'S REPORT

Honorable Brian Wilson, Assessor  
East Baton Rouge Parish Assessor's Office

We have audited the accompanying basic financial statements of the East Baton Rouge Parish Assessor's Office as of and for the year ended December 31, 2006 as listed in the table of contents. These financial statements are the responsibility of the East Baton Rouge Parish Assessor's Office's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Assessor's Office as of December 31, 2006, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2007 on our consideration of the East Baton Rouge Parish Assessor's Office's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 3 through 11 and 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC*

June 11, 2007

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Management's Discussion and Analysis*

*December 31, 2006*

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis**

We offer readers of the East Baton Rouge Parish Assessor's financial statements this narrative overview and analysis of the financial activities of the Assessor for the fiscal year ended December 31, 2006. Please read it in conjunction with the basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The Assessor's net assets decreased by \$107,939, or 1.5%.

The Assessor's revenues increased by \$162,444, or 4.5%.

The Assessor's expenditures increased by \$323,493, or 9.2%.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This Management Discussion and Analysis is intended to serve as an introduction to the Assessor's basic financial statements. The Assessor's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Assessor's finances, in a manner similar to private-sector business.

The Statement of Net Assets presents information on all of the Assessor's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Assessor as a whole is improving or deteriorating.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis, Continued**

The Statement of Activities presents information showing how the Assessor's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned, but unused vacation leave).

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Assessor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

The Governmental fund is used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Assessor's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to assist in understanding the differences between these two perspectives.

**Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**  
**Management's Discussion and Analysis, Continued**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Assessor.

**FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Assessor, assets exceed liabilities by \$7,125,761 at the close of the most recent fiscal year. Approximately 2% of the Assessor's net assets reflects its investment in capital assets (e.g. equipment). These assets are not available for future spending.

The balance in unrestricted net assets is affected by the purchase of capital assets from internally generated funds and required depreciation on assets.

**Summary of Net Assets**

	<u>2006</u>	<u>2005</u>
Assets:		
Current assets	\$ 7,058,908	\$ 7,146,092
Capital assets, net of accumulated depreciation	<u>111,359</u>	<u>129,877</u>
Total assets	7,170,267	7,275,969
Liabilities:		
Current liabilities	<u>44,506</u>	<u>42,269</u>
Net assets:		
Investment in capital assets	111,359	129,877
Unrestricted	<u>7,014,402</u>	<u>7,103,823</u>
Total Net assets	<u>\$ 7,125,761</u>	<u>\$ 7,233,700</u>



**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis, Continued**

The following data is presented on the accrual basis of accounting, meaning that all costs are presented. Note, however, that although the purchase of capital assets is not included, depreciation on capital assets is. The Assessor's net assets decreased by \$107,939 during the current fiscal year. The change is shown below and is discussed on page 8.

**Summary of Changes in Net Assets**

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 3,432,853	\$ 3,348,668
Charges for services	102,645	99,347
Interest	205,674	133,578
Other	<u>5,051</u>	<u>2,186</u>
Total revenue	<u>3,746,223</u>	<u>3,583,779</u>
Expenditures:		
Personnel services	3,329,147	3,169,904
Other services and charges	481,148	277,959
Supplies	<u>43,867</u>	<u>82,806</u>
Total expenditures	<u>3,854,162</u>	<u>3,530,669</u>
Change in net assets	(107,939)	53,110
Beginning net assets	<u>7,233,700</u>	<u>7,180,590</u>
Ending net assets	<u><u>\$ 7,125,761</u></u>	<u><u>\$ 7,233,700</u></u>

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis, Continued**

**GOVERNMENTAL REVENUE**

The Assessor is heavily reliant on property taxes to support its operations. Property taxes provided 92% of the Assessor's total revenues. Because of the Assessor's healthy financial position, they have been able to earn \$205,674 in interest earnings to support their activities, in spite of the low interest rates available for investment. Also, note that charges for services cover only 3% of governmental operating expenses. This means that the Assessor's taxpayers and the Assessor's other general revenues fund 97% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue streams.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

Since Assessor's operations are staff-oriented, 86% of the budget is used for employee salaries and benefits. Operating services and materials and supplies make up 13% and 1% of the total expenses, respectively.

**FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND**

The General Fund is the Assessor's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

The total ending general fund's fund balance is \$3,557,680, a decrease of \$272,749 over the prior year. This decrease is primarily the result of the increase in personnel services and other services and charges as the Assessor has started the task of capturing historical data electronically.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis, Continued**

**FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND, CONTINUED**

Ad valorem taxes rose 4% from 2005 to \$3,250,520. This increase is primarily a result of new construction and increases in assessed values.

Salaries and benefits increased from 2005 by 7%. The cost of group insurance increased 7% and Assessor's pension contribution increased 3% as the Assessors' Retirement Fund elected in 2006 to increase the employer share of contributions. Operating services expenditures increased from 2005 by 37%. Capital outlay decreased by 50% from last year when the Assessor purchased several new vehicles.

The General Fund's ending fund balance is considered adequate, representing the equivalent of 93% of annual expenditures. Though some might consider this percentage high, it is necessary for the Assessor to maintain a strong financial position in order to cover its cash flow needs and any unforeseen costs that might occur in the future. Note that the Assessor is financing its operations on a "pay-as-you-go" system, which means currently there is no outstanding long-term debt (e.g. bonded debt) for capital purposes. In other words, all capital items are free and clear of debt.

**BUDGETARY HIGHLIGHTS**

The General Fund – Both the General Fund's original budget and 2006 actual expenditures were more than the actual amounts reported in calendar year 2005. As indicated above, the majority of this increase relates to the addition of new employees and temporary staff.

At year-end, the Assessor realized just over 106% of the final revenue budget.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Assessor considered many factors when setting the 2007 budget. Revenues and expenditures are expected to remain fairly consistent with the 2006 fiscal year.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**  
**Management's Discussion and Analysis, Continued**

**CAPTIAL ASSETS AND DEBT ADMINISTRATION**

The Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2006 was \$111,359. The total decrease in this net investment was 14%. In 2006, depreciation expense exceeded capital asset replacement by \$7,685. This difference could be reviewed negatively; however, this type of information needs to be reviewed as a trend over multiple years to be more meaningful. As previously noted, the Assessor did purchase additional and replacement equipment in 2006. See Note 5 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2006</u>	<u>2005</u>
Depreciable assets:		
Vehicles, furniture and equipment	\$ 469,213	\$ 463,200
Less accumulated depreciation	<u>357,854</u>	<u>333,323</u>
Book value-depreciable assets	<u>\$ 111,359</u>	<u>\$ 129,877</u>

**Capital Assets**

At December 31, 2006 the depreciable capital assets for governmental activities were 76% depreciated and there was a 14% decrease in the book value of the capital assets. As indicated above, these percentages indicate that in the current year, the Assessor did not replace its assets at the same rate as at which they were depreciating. The total percentage of depreciated capital assets is quite high, (i.e., approximately four-fifths of the value of theses assets is used) which indicates that additional resources may be required to replace these capital assets in the future.

Long-term Debt

At year-end, the Assessor had no long-term debt outstanding. The Assessor may issue general obligation debt to meet its capital needs but has elected to fund these needs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

Operating Lease

In June of 2006, the Assessor renewed a 12-month operating lease related to the satellite office opened in 2005.

**EAST BATON ROUGE PARISH ASSESSOR  
Baton Rouge, Louisiana**

**Management's Discussion and Analysis, Continued**

**CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Assessor's finances, comply with finance-related laws and regulations, and demonstrate the Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact East Baton Rouge Parish Assessor, 222 St. Louis Street, Room 126, Baton Rouge, LA 70802

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Basic Financial Statements*

*December 31, 2006*

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Government-Wide Financial Statements*

*December 31, 2006*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE*****Statement of Net Assets******December 31, 2006***

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**Assets**

Cash and cash equivalents	\$ 3,054,703
Investments	500,543
Ad valorem taxes receivable	3,494,066
Prepaid and other	9,596
Capital assets, net of accumulated depreciation	<u>111,359</u>

<b>Total Assets</b>	<u><u>7,170,267</u></u>
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**Liabilities**

Accounts payable	7,162
Compensated absences	<u>37,344</u>

<b>Total Liabilities</b>	<u><u>44,506</u></u>
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**Net Assets**

Investment in capital assets	111,359
Net assets unreserved, undesignated	<u>7,014,402</u>

<b>Total Net Assets</b>	<u><u>\$ 7,125,761</u></u>
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# EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

## Statement of Activities

Year Ended December 31, 2006

	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 3,854,162	\$ 102,645	\$ (3,751,517)
General revenues			
Taxes:			
Ad valorem taxes, levied for general purposes			3,432,853
Interest and investment earnings			205,674
Miscellaneous			5,051
Total general revenues			3,643,578
Change in net assets			(107,939)
Net Assets - January 1, 2006			7,233,700
Net Assets - December 31, 2006			\$ 7,125,761

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Fund Financial Statements*

*December 31, 2006*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Balance Sheet-Governmental Fund**December 31, 2006***ASSETS**

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**Assets**

Cash and cash equivalents	\$ 3,054,703
Investments	500,543
Prepaid and other	<u>9,596</u>
<b>Total Assets</b>	<b>\$ 3,564,842</b>

**LIABILITIES AND FUND BALANCE**

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**Liabilities**

Accounts payable	\$ <u>7,162</u>
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**Fund Balance**

Unreserved, undesignated	<u>3,557,680</u>
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<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>3,564,842</u></b>
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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Reconciliation of the Governmental Fund Balance  
Sheet to the Statement of Net Assets*

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*December 31, 2006*

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Total fund balance for the governmental fund at December 31, 2006	\$	3,557,680
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Total net assets reported for governmental activities in the statement  
of net assets is different because:

Government-Wide Financial Statements reflect the economic resources  
measurement focus and the accrual basis of accounting, therefore, an  
accrual for ad valorem taxes is recorded

		3,494,066
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Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the governmental funds balance sheet  
Those assets consist of :

Vehicles, furniture and equipment, net of \$ 357,853 accumulated depreciation		111,359
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Liability for compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds		<u>(37,344)</u>
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Total net assets of governmental activities at December 31, 2006	\$	<u>7,125,761</u>
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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE****Statement of Revenues, Expenditures and Changes  
in Fund Balance - Governmental Fund****Year Ended December 31, 2006****Revenues**

Ad valorem taxes	\$ 3,250,520
Charges for services	102,645
Interest and investment earnings	205,674
Miscellaneous	<u>5,051</u>

<b>Total Revenues</b>	<b><u>3,563,890</u></b>
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**Expenditures**

Current	
General government	
Personnel services	3,330,143
Other services and charges	405,430
Supplies	43,867
Capital outlay	<u>57,199</u>

<b>Total Expenditures</b>	<b><u>3,836,639</u></b>
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<b>Excess of Expenditures Over Revenues</b>	<b>(272,749)</b>
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**Fund Balance**

Beginning	<u>3,830,429</u>
Ending	<b><u>\$ 3,557,680</u></b>

# **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

## ***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities***

*Year Ended December 31, 2006*

Net change in fund balance - governmental fund \$ (272,749)

Amounts reported for governmental activities in the statement of activities is different because:

Difference in ad valorem tax revenue recorded on the Fund Financial Statements and the Government-Wide Financial Statements. Property tax revenue will not be collected until after the Assessor's fiscal year end. These are not considered "available" revenues in the governmental funds until received. 182,333

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	30,996	
Depreciation expense	<u>(49,514)</u>	
		(18,518)

Compensated absences are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in compensated absences		<u>995</u>
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Changes in net assets of governmental activities		<u><u>\$ (107,939)</u></u>
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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements*

*December 31, 2006*

### **1. Summary of Significant Accounting Policies**

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four year term. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provides assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

The assessor's main office is located in the East Baton Rouge Parish Courthouse in Baton Rouge, Louisiana. In 2005, the assessor opened an additional branch office for the convenience of the residents of the parish. The assessor's office employs 67 employees, including 66 deputies. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by July 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

At December 31, 2006, there are 204,808 real property and moveable property assessments totaling \$3,012,031,780. This represents an increase of 3,656 assessments and an increase of \$221,099,960 in assessed value over the prior year.

#### **A. Basis of Presentation**

The accompanying basic financial statements of the East Baton Rouge Parish Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2006*

### **B. Reporting Entity**

The assessor is an independently elected official and is not considered fiscally dependent on the East Baton Rouge Parish Council. As the governing authority of the parish, for reporting purposes, the East Baton Rouge Parish Council is the financial reporting entity for the East Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (the parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the East Baton Rouge Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the council to impose its will on that organization and/or,
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the council does not appoint the assessor, does not provide funding (other than the use of facilities located at the East Baton Rouge Parish Court House), or have any control over the assessor, the assessor has determined that the office is not a component unit of the East Baton Rouge Parish Council. The accompanying financial statements present information only on the funds maintained by the assessor and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of East Baton Rouge Parish.



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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2006*

### **C. Fund Accounting**

The assessor uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain tax assessment functions and activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all or most of the assessor's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the assessor. The governmental fund type used by the assessor is described as follows:

**General Fund.** The primary operating fund of the assessor and it's accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the assessor's policy. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908, is accounted for in this fund. General operating expenditures are paid from this fund.

### **D. Measurement Focus/Basis of Accounting**

#### **Fund Financial Statements (FFS)**

The amounts reflected in the Governmental Fund Statements (pages 17 and 19) are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the assessor's office operations.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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### ***Notes to Financial Statements, Continued***

***December 31, 2006***

The amounts reflected in the Governmental Fund Statements (pages 17 and 19) use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues.** Tax revenue is recognized in the budgetary period for which the taxes are collected. Revenues are received from the Sheriff and Tax Collector of East Baton Rouge Parish in varying periodic payments as the ad valorem taxes are collected. Ad valorem taxes are assessed on December 1, for the calendar year, become due on December 31, and are considered past due and subject to penalties if not paid by January 31, of the following year. Interest revenue is recognized when earned.

**Expenditures.** Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

### **Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets (page 14) and Statement of Activities (page 15) display information about the assessor's office as a whole. These statements include all the financial activities of the assessor's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

**Program Revenues.** Program revenues included in the Statement of Activities (page 15) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the assessor's office general revenues.

**Reconciliation.** A reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets is provided on page 18. A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities is provided on page 20.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2006*

### **E. Budgets**

Annually, the assessor's office adopts a budget for the General Fund on the cash basis, therefore, adjustments were made on Exhibit G to include prior year accruals and remove current year accruals from the actual amounts for comparison purposes to the budgeted amounts. The budgetary practices include public notice, inspection and hearing requirements, which must be completed prior to December 15 of each year. Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts are as originally adopted. The assessor has administrative authority to make changes or amendments within various budget classifications. No amendments have been made to the original budget.

### **F. Cash and Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### **G. Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and include certificates of deposit and Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

### **H. Prepaid and Other**

Prepays are payments to vendors that benefit future reporting periods reported on the consumption basis. At December 31, 2006, the assessor had prepaid assets of \$7,253.

Other represents accrued interest receivable on certificates of deposit and accrued tax roll fees receivable. At December 31, 2006, the assessor had accrued interest receivable of \$700 and accrued tax roll fees receivable of \$1,643.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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### ***Notes to Financial Statements, Continued***

***December 31, 2006***

Both prepaid and other are similarly reported in government-wide and fund financial statements.

#### **I. Capital Assets**

Capital assets are capitalized at historical cost. The assessor maintains a threshold level of \$5,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Vehicles	5
Furniture and equipment	5

#### **J. Compensated Absences**

Employees of the assessor's office earn from five to twenty days of paid vacation leave per year, depending on length of service, and twelve days of paid sick leave. They are allowed to accrue up to twelve vacation days. An employee is compensated for up to 12 days of unused vacation leave at the employee's hourly rate of pay at the time of termination. The liability for these compensated absences is recorded as a liability in the government-wide financial statement. However, any matured compensated absences existing at year-end which are payable to currently terminated employees are reported in the governmental funds as wages and benefits payable.

At December 31, 2006, employees of the assessor's office have accumulated and vested \$37,344 of accrued vacation benefits.

#### **K. Risk Management**

The assessor's office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The assessor's office purchases commercial insurance policies at levels which management believes is adequate to protect the assessor's office. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2006*

### **L. Deferred Compensation Plan**

Certain employees of the assessor's office participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94377, Baton Rouge, Louisiana 70804-9397.

Participants may contribute a portion of their salary with the assessor's office matching up to 4% per month, but total contributions may not exceed the amount determined under IRS regulations. All contributions are immediately vested. The assessor's office contributed \$65,054 to the plan during the year ended December 31, 2006.

### **M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Levied Taxes**

The following is a summary of authorized and levied ad valorem taxes.

	<b>Authorized Millage</b>	<b>Levied Millage</b>
Assessor's Salary and Expense Fund	1.48	1.38

## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Notes to Financial Statements, Continued*

*December 31, 2006*

The following are the principal taxpayers for the parish:

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2006 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Exxon-Mobil	Oil and chemical refining	\$ 259,175,400	8.02%
Entergy Gulf States, Inc.	Utility	64,645,430	2.00%
Georgia Pacific Corporation	Pulp processing	49,814,300	1.54%
Bellsouth Communications	Telephone company	48,643,420	1.50%
JPMorgan Chase	Commercial banking	32,500,850	1.01%

### **3. Cash and Cash Equivalents**

At December 31, 2006, the assessor's cash and cash equivalents (book balances) consists of the following:

Demand deposit	\$ 1,820,912
Time deposits	799,000
Repurchase agreements	434,791
	<u>\$ 3,054,703</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledge securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the assessor had \$3,178,609 in deposits (collected bank balances). These deposits are secured from risk by \$520,973 of federal deposit insurance and \$2,657,636 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

### Notes to Financial Statements, Continued

December 31, 2006

Even though the pledged securities are considered uncollateralized (Category 3), R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the assessor that the fiscal agent has failed to pay deposited funds upon demand.

#### 4. Investments

The assessor's investments are categorized into three categories of credit risk:

- Category 1.* Insured or registered, or securities held by the assessor or by its agent in the assessor's name.
- Category 2.* Uninsured and unregistered, with securities held by the counter party's trust department or agent in the assessor's name.
- Category 3.* Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the assessor's name.

At fiscal year-end the assessor's investment balances were as follows:

	Book Balance	Categories		
		1	2	3
Certificates of Deposit	\$ 200,000	\$ 100,000	\$ -	\$ 100,000
Investments not subject to categorization				
LAMP	<u>300,543</u>			
Total investments	<u>\$ 500,543</u>			

Investments held at the assessor of \$300,543 are invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at the assessor is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2006*

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities that have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchased agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.



## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

*Notes to Financial Statements, Continued*

*December 31, 2006*

### 5. Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Vehicles	\$ 166,499	\$ 30,996	\$ 24,984	\$ 172,511
Furniture and equipment	296,701	-	-	296,701
	463,200	30,996	24,984	469,212
Less accumulated depreciation	333,323	49,514	24,984	357,853
	<u>\$ 129,877</u>	<u>\$ (18,518)</u>	<u>\$ -</u>	<u>\$ 111,359</u>

### 6. Retirement Commitments

#### Louisiana Assessors' Retirement Fund

Plan Description. Substantially all employees of the East Baton Rouge Parish Assessor's Office are members of the Louisiana Assessors' Retirement System ("System"), a cost sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service, or who retire with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to  $3\frac{1}{3}\%$  of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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### ***Notes to Financial Statements, Continued***

***December 31, 2006***

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana Assessors' Retirement System, Post Office Box 14699, Baton Rouge, Louisiana 70898-1699, or by calling (225) 928-8886.

**Funding Policy.** Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the East Baton Rouge Parish Assessor is required to contribute at an actuarially determined rate. The current rate is 13.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the East Baton Rouge Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The East Baton Rouge Parish Assessor's contributions to the System for the years ending December 31, 2006, 2005 and 2004 were \$323,197, \$312,981, and \$279,797 respectively, equal to the required contributions for each year.

#### **7. Other Post Employment Benefits**

The assessor's office provides certain health care and life insurance benefits for retired employees. Substantially all of the assessor's office employees may become eligible for those benefits if they reach normal retirement age while working for the Office. The cost of the retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid. For 2006, those costs totaled \$143,673. The number of retirees currently receiving benefits is 25.

#### **8. Operating Lease**

In June of 2006, the assessor renewed a one year operating lease related to their satellite office. The lease calls for monthly payments of \$1,826. For year end 2006, rentals were \$21,734 for this lease.

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Other Required Supplementary Information*

*December 31, 2006*

## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

## Governmental Fund - General Fund

## Statement of Revenue, Expenditures and Changes

## in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended December 31, 2006

	Actual		Adjustment to Budget Basis	Budget Basis	Budget		Variance - Favorable (Unfavorable)
	GAAP Basis				Original	Final	
<b>Revenues</b>							
Ad valorem taxes	\$ 3,250,520	\$	-	\$ 3,250,520	\$ 3,260,000	\$ 3,260,000	\$ (9,480)
Charges for services	102,645		-	102,645	99,000	99,000	3,645
Interest and investment earnings	205,674		282 (1)	205,956	-	-	205,956
Miscellaneous	5,051		-	5,051	-	-	5,051
<b>Total Revenues</b>	<b>3,563,890</b>		<b>282</b>	<b>3,564,172</b>	<b>3,359,000</b>	<b>3,359,000</b>	<b>205,172</b>
<b>Expenditures</b>							
Current							
General government							
Personnel services	3,330,143		-	3,330,143	3,372,169	3,372,169	42,026
Other services and charges	405,430		449 (2)	405,879	433,000	433,000	27,121
Supplies	43,867		(3,681) (2)	40,186	95,000	95,000	54,814
Capital outlay	57,199		-	57,199	20,000	20,000	(37,199)
<b>Total Expenditures</b>	<b>3,836,639</b>		<b>(3,232)</b>	<b>3,833,407</b>	<b>3,920,169</b>	<b>3,920,169</b>	<b>86,762</b>
<b>Excess of Revenues Over (Under) Expenditures</b>							
<b>Fund Balances</b>	<b>(272,749)</b>		<b>3,514</b>	<b>(269,235)</b>	<b>(561,169)</b>	<b>(561,169)</b>	<b>291,934</b>
Beginning	3,830,429		(11,376)	3,819,053			
Ending	\$ 3,557,680	\$	(7,862)	\$ 3,549,818			

## Explanation of differences

- (1) Accrued interest on certificates of deposit and reversal of prior year accrued interest on certificates of deposit  
 (2) Accrued expense and reversal of prior year accrued expense

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Compliance and Internal Control*

*December 31, 2006*



Certified  
Public  
Accountants

Business  
Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Brian Wilson, Assessor  
East Baton Rouge Parish Assessor's Office

We have audited the basic financial statements of the East Baton Rouge Parish Assessor's Office as of and for the year ended December 31, 2006, and have issued our report thereon dated June 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the East Baton Rouge Parish Assessor's Office's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Assessor's Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Assessor's Office's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

The assessor does not have Certified Public Accountants on staff to prepare its financial statements in accordance with generally accepted accounting principles.

The assessor believes that his staff is fully competent to perform their assigned duties and has determined it is most cost effective to request that the auditor assist with preparing adjustments necessary for the financial statements to be presented in accordance with generally accepted accounting principles.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above is a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Assessor's Office's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the assessor, management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC.*

June 11, 2007